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**FISCAL IMPACT STATEMENT**

**LS 6589**

**BILL NUMBER:** SB 412

**NOTE PREPARED:** Dec 31, 2010

**BILL AMENDED:**

**SUBJECT:** Ballast Water and Sediment in Oceangoing Vessels.

**FIRST AUTHOR:** Sen. Zakas

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:** ☒ **GENERAL**  
☒ **DEDICATED**  
**FEDERAL**

**IMPACT:** State

**Summary of Legislation:** This bill provides that, beginning July 1, 2012, each oceangoing vessel engaging in port operations in Indiana must obtain a permit from the Department of Environmental Management (IDEM). The bill allows IDEM to issue a permit only if the applicant can demonstrate that the vessel will not discharge aquatic nuisance species, or if the vessel discharges ballast water or sediment, that the operator of the vessel will use environmentally sound technology and methods to prevent the discharge of aquatic nuisance species. It requires IDEM to establish a ballast water and sediment inspection program that ensures that aquatic nuisance species do not enter the waters of Indiana. The bill requires the Water Pollution Control Board to adopt rules to implement these provisions.

**Effective Date:** July 1, 2011.

**Summary of NET State Impact:** This bill will require IDEM to establish requirements for an inspection program and permitting the discharge of ballast water and sediment from oceangoing vessels engaged in port operations in Indiana. Costs could range from \$1.5 M to \$7.2 M.

Revenue generated would depend on rules adopted by the Board. For each \$1,000 assessed per ship, revenue raised would equal an estimated \$1.2 M.

**Explanation of State Expenditures: Summary:** Costs of the inspection and permitting program could range from \$1.5 M to \$7.2 M.

**Background:** Currently, the Water Pollution Control Board must establish requirements for permits related to controlling or limiting discharges of any contaminants into state waters. This bill will require IDEM to establish requirements for an inspection program and permitting the discharge of ballast water and sediment from oceangoing vessels engaged in port operations in Indiana.

The fiscal impact will depend on requirements established by IDEM and rules set by the Board. Dedicated funds and the state General Fund are used for the purposes of IDEM and the Board in maintaining permitting and inspection programs.

An estimate of the costs, without established rules, are listed below. Staffing levels for these estimates are based on the assumption that Indiana sees approximately 1,200 oceangoing ships per year in four locations on Lake Michigan.

Developing a general NPDES permit program for ballast water would require 8 permit writers. Total personnel costs including fringe benefits and indirect costs would range from \$508,623 to \$843,619.

Developing an individual NPDES permit program for ballast water would require 48 permit writers. Total personnel costs would range from \$3.06 M up to \$5.06 M with 5 administrative staff members ranging from \$215,240 to \$347,400.

Both a general or individual permit program would require compliance inspections. Assuming 14 inspectors, costs would range from \$1.02 M up to \$1.85 M.

Because there is no approved treatment technology for ballast waters, IDEM would be required to develop a program to certify technology employed on each ship in addition to permitting programs.

Given the above estimates, costs could range between \$1.5 M [ $\$508,623 + \$1.02 \text{ M}$ ] and \$7.2 M [ $\$5.06 \text{ M} + \$347,400 + \$1.85 \text{ M}$ ]. A certification program could be operated at about 50% of the cost of a general permit program, or about \$250,000. However, this program would not replace permitting programs, if required by statute.

*Rules.* No additional resources would be needed to adopt rules.

**Explanation of State Revenues:** The bill allows the Water Pollution Control Board to establish a fee for issuing a permit for discharging ballast water and sediment into an Indiana port. The amount of revenue generated by the fee will depend on fees established by the Board.

For each \$1,000 assessed per ship, revenue raised would equal an estimated \$1.2 M. Revenue would be deposited in the Environmental Permit Operation Fund.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** IDEM; Water Pollution Control Board.

**Local Agencies Affected:**

**Information Sources:** IDEM.

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